

Sample article for organizations and employers to use to reach customers (word count 346)

Customize and provide the following article in your communication vehicles for your audience.

Roth Account in Your Retirement Plan

If you participate in a 401(k), 403(b) or governmental 457(b) retirement plan that has a designated Roth account, consider your Roth options. With a designated Roth account, you can:

- make designated Roth contributions to the account; and
- if the plan permits, roll over certain amounts in your other plan accounts to the Roth account.

Designated Roth contributions

Unlike pre-tax salary deferrals, which are not taxed when you contribute them to the plan, you have to pay taxes on your designated Roth contributions. This means your gross income for the year you make designated Roth contributions on will be higher than if you had made only pre-tax salary deferrals.

However, any pre-tax salary deferrals and related earnings are taxable when you withdraw them from the plan. Roth contributions, on the other hand, are not taxed when you withdraw them from the plan. Earnings on Roth contributions are also not taxed when they are withdrawn from the plan if your withdrawal is a qualified distribution. A “qualified distribution” is a distribution that is made:

- at least 5 years after the first contribution to your Roth account; and
- after you’re age 59½ or on account of your being disabled, or to your beneficiary after your death.

In-plan Roth rollovers

Your plan may allow you to transfer amounts to your Roth account in the plan if the amounts are:

- [eligible rollover distributions](#) from your other plan accounts; or
- any amounts, including those not otherwise eligible for a distribution, from your other plan accounts.

You must include in gross income in the year of transfer any previously untaxed amount you roll over to your designated Roth account.

You don’t include in gross income any withdrawal of the amount you rolled over to the Roth account. However, you may have to pay:

- a [special recapture tax](#); and
- tax on the earnings on the rolled over amounts that are withdrawn, unless the withdrawal is a qualified distribution.

Check with your employer if your plan has a designated Roth account and if it allows in-plan Roth rollovers.

NOTE TO EDITOR: Below are helpful resources on retirement topics on IRS.gov.

- [Designated Roth accounts](#) – information on contributing to a plan’s Roth account.

- [Designated Roth Accounts: Frequently Asked Questions](#) – answers questions on Roth contributions, taxes on distributions, and on rollovers to and from designated Roth accounts.
- [Publication 4530](#), *Designated Roth Accounts under 401(k), 403(b) or governmental 457(b) plans* – information about making Roth contributions in these plans.
- [Roth Comparison Chart](#) – Comparison of Roth 401(k), Roth IRA, and Traditional 401(k) Retirement Accounts

On Twitter? Send these Tweets:

- Learn the top 10 differences between a #Roth IRA and a designated Roth account
<http://go.usa.gov/ZeJ9> #IRS
- Get information on different ways to put money from your wages in your #retirement plan
<http://go.usa.gov/ZeSB> #IRS